

Remarks by Thomas Gibson
Environmental Innovations Summit
September 10, 2001

- Thank you Carl for that introduction, and to the many sponsors that have made this event possible.
- Those of you from the area may have noticed that the pace here in Washington has picked up quite a bit over the last week. The President is back, Congress is back, and the fall conference season is well underway.
- Many groups will be meeting here this month - those of you from out of town may have already surmised this in trying to book a hotel room - and I wouldn't be surprised to see innovation featured on their agendas, too.
- Since coming to the Agency to lead innovation efforts, I've been struck by how many organizations emphasize innovation as a priority. Just take a look at the advertising in newspapers, the headlines in professional journals, and the highlights in corporate reports - it seems every one is innovating.
- That's no surprise, because innovation is the process by which we make progress. It's true for manufacturing, education, health care, and it's true for the environment.
- That's why I'm here. To open up discussion about the many exciting innovations that are underway or under development, all of which have potential to create a stronger system of environmental protection for America.
- But first I'd like to provide some background on the Bush Administration's overall environmental agenda. I do so to give you additional insight into the priorities that will be driving innovation efforts at EPA.

Administrator Whitman's Priorities

- The key to understanding priorities is to first understand the goal behind them. And Administrator Whitman has been very clear about that.
- Starting in her confirmation hearing and consistently in her directives and decision-making since then, she has stated the goal very simply as wanting to leave America's air cleaner, water purer and land better protected than it was when she took office.
- That is what we are working toward, it is the prism through which all of our actions

should be considered.

- In the past, many have criticized EPA for focusing too much on process - on how to do accomplish a goal rather than emphasizing the goal itself.
- We want to change that, knowing there's a lot to be gained by giving people the opportunity to create strategies that work - and work well - for their own circumstances.
- So we'll emphasize results over process and improve public reporting so people know whether progress is in fact being made.
- To that end, Governor Whitman has called for the Agency to begin developing a **new environmental report card** that will describe in clear, simple terms just how well we're doing.
- EPA is also undertaking a special effort to improve the way we set priorities and allocate resources. This effort, led by Deputy Administrator Fischer, will help ensure that are efforts are focused on the most important challenges.
- In the meantime, we're already working on the a set of challenges that clearly require attention.

Major Challenges

- **Clean air.** Today, many areas of the country are struggling to meet air quality standards. We have emissions that need better control, and a new proposal by the President will go a long way toward providing it.
- In a few weeks, the Administration will propose a market-based program to significantly reduce and cap emissions of sulfur dioxide, nitrogen oxides, and mercury. Modeled on the very successful Acid Rain Trading program, it provides flexibility needed to achieve emission reductions in ways that make sense environmentally and economically.
- **Brownfields.** The President's budget provides \$98 million, \$5 million more than last year, to support community-based efforts to assess, cleanup, and redevelop these sites which still scar too many neighborhoods.
- We're also supporting legislation - already passed by the Senate - that would provide communities with more resources and tools to help turn these degraded sites around.

- **Water.** Water supply, water quality. These may very well turn out to be "the" major environmental issue of the 21st century. As we look across the country, we see many rivers, lakes, and streams that simply do not support basic uses, such fishing and swimming. And we face enormous expenses in providing and maintaining basic water infrastructure.
- We believe the best way to address these issues is through a comprehensive watershed approach that takes all the stressors and conditions affecting water quality into account.
- That is why the Administrator has directed the Agency to work with States to identify perhaps as many as 25 watersheds throughout the country where we can work together for improvement.
- Other actions aim to bring America's water infrastructure up-to-date.
- These are among Governor Whitman's top priorities. As I've just outlined, we have specific actions already underway to address them. But that's not to suggest we have all the problems and strategies figured out.
- Far from it. We know there are many more issues that will require attention in the months ahead. And we know that any progress we make will be determined in large part by just how innovative we're willing and able to be.

Why Environmental Innovation is Needed

- Environmental innovation is important for one simple reason - it enables us to get better results.
- If we are to make progress, we can not expect to keep using the same set of tools and approaches that we've used in the past. Indeed, one thing has become very clear: the environmental protection system in place today - comprised of regulatory and nonregulatory programs at the federal, state, and local levels - is falling behind.
- After years of steady progress, and significant improvements to our air, land, and water, we now see its limitations. And we realize this system is simply not sufficient for addressing an increasingly complex set of environmental issues.
- Tough problems - like several I just outlined - demand new solutions.

- At the same time, we recognize that the basic concept of environmental protection is broader now than in the past.
- The job is no longer about just controlling pollution. It's about preventing pollution from occurring in the first place and thinking longer term about how we protect human health and our natural resources.
- As we think about these challenges, EPA knows it must develop new tools and approaches. They should include more partnerships and market-based incentives, and offer more flexibility in pursuing environmental goals.
- At the same time, EPA must continue updating existing tools that just don't work as well as they should.
- Fortunately, there are many factors working in our favor.

S Today, society is much more sophisticated about environmental protection than it was thirty years ago. We no longer debate whether to protect the environment. Rather we discuss how to do so in ways that grow our economy.

S Increasingly, American companies are looking beyond environmental requirements for additional opportunities to reduce waste and improve efficiency.

S States and communities have more experienced environmental managers on board to run programs and work with local stakeholders.

S Citizens are actively involved in improvement efforts right in their own neighborhood.

S The information age has arrived, giving more people more access to more information about environmental issues and conditions than ever before. Its also creating e-business opportunities that eliminate paperwork and simplify regulatory processes for both government and business.

Two Key Management Decisions

- Upon coming to EPA, Governor Whitman realized the need to enhance our environmental protection system. And she didn't waste any time getting started.
- First, she asked the Agency to undertake **a complete review of the rulemaking process**.
- The review showed that the regulatory process is essentially sound, but led to several recommendations for improvement.
- These recommendations - which have been accepted - focus on strengthening the quality and consistency of the science and economics supporting our regulatory decisions. They include appointing a Science Advisor and Economics Advisor within the Agency.
- Other recommendations will ensure that we explore all our policy options before making a final decision. They involve more rigorous analytical planning for priority rules, and more extensive and timely involvement of external groups throughout the decision-making process.
- Once fully implemented, the improved process will result in a stronger, more reliable system for both regulatory and non-regulatory decision-making.
- **The Governor's second action focused on innovation**, specifically creating a new strategy to guide innovative efforts going forward.
- EPA's Innovation Action Council - which consists of all the Deputy Assistant and Regional Administrator, and which I chair - spent the better part of the spring and summer discussing a range of problems, priorities, and options.
- A draft strategy has been prepared, and we just shared it with the States at their annual meeting two weeks ago.

EPA's Innovations Proposal

- This strategy builds upon a number of environmental innovations in recent years.
- It draws on extensive discussions within the agency, preliminary discussions with States, and the many recommendations for improving environmental protection that have been issued by national environmental policy organizations, such as Enterprise

for the Environment and the National Academy of Public Administration.

- As currently proposed, it has four main objectives. To:
 - S Strengthen the State-EPA partnership on environmental innovation;
 - S Focus innovation efforts on addressing priority environmental problems;
 - S Continue to develop new tools and approaches for problem-solving, and establish a process for increasing use of those that prove effective; and
 - S Foster a more innovative culture and organizational systems.
- I'd like to briefly explain each one.

Strengthen the State-EPA partnership on environmental innovation

- This is extremely important because the work of EPA and the States is so intrinsically linked. For the most part, it's pretty difficult for one to be innovative without the support and involvement of the other.
- A joint agreement on regulatory innovations was signed by the States and EPA in 1999. This agreement, along with Performance Partnership agreements, are paving the way for a great deal of innovation in environmental programs.
- The draft strategy would create even more opportunities. It would increase the State-EPA dialogue on innovation and boost State involvement in EPA's annual planning and budgeting processes. It would also give States more flexibility in using grants, flexibility that can be extremely useful when innovating.

Second, focusing innovation efforts on priority problems.

- This objective is about being more strategic with our innovation efforts, and it reminds us why we're interested in innovating in the first place. We're not interested in change for the sake of change. We're innovating to solve problems and achieve meaningful results.
- The proposal focuses on four areas where we determined innovation would be essential to making progress. You'll see they reflect the same set of environmental priorities I outlined earlier. They are:

- S Reducing greenhouse gases in order to address the risks of climate change,
 - S Reducing smog to ensure cleaner, healthier air,
 - S Restoring and maintaining water quality so more of our nation's waters are fishable and swimmable, and
 - S Reducing the cost of water and wastewater infrastructure, both of which provide a critical public health service to millions of Americans every day.
- By targeting problems, we can focus attention and resources on the best means of solving them. This is the beginning of the creative process, and it sets the stage for innovations to flourish.

Third, diversify the tools and approaches available for problem-solving.

- As already acknowledged, we know the current system isn't going to be enough for solving many of today's problems.
- To continue making progress, we need a fuller, more diverse tool box that enables us to tailor actions to the problem at hand. Maybe a technology-based standard is needed. But maybe not. Perhaps a voluntary program, or economic incentives, or new information could be used just as effectively.
- The strategy calls for EPA to continue developing and testing new tools, and creatively combine them in ways that produce the best possible result.

Last, creating a culture and organizational systems that support innovation and ensure lasting change.

- In many ways, this is the biggest obstacle to innovation. Innovation is about change, and yet we all know that the majority of people resist change. It's just human nature.
- Nevertheless, we can't be content with the status quo. To continue making environmental progress, EPA has to embrace, encourage and support the innovative process.
- One way we're proposing to do so is by improving staff awareness and understanding of what's been accomplished with innovative new approaches so far. In the past, we've often had a breakdown in communication. People just didn't know what was

happening. They should be informed when new tools become available. This simple step not only increases the use of the beneficial new tools, it also sends an important signal that innovations are possible, useful, and worth pursuing.

- The strategy also proposes to create more incentives for staff to pursue innovative ideas and to remove our own internal barriers that may have prevented them from doing so in the past.

Conclusion

- So there you have an overview of the Administration's major environmental priorities and the innovations strategy we're proposing as a means for making progress.
- Our next step on the strategy is to complete an intergovernmental review before sharing it more broadly with other stakeholders.
- We know there are many organizations that share out interest in environmental innovations - as evidenced by all of you here today. And so we will seek input in its development and look forward to working closely with stakeholders as we put this plan into action.
- You see this Administration is serious about partnerships. As President Bush and Governor Whitman have both said, "Washington doesn't have a monopoly on all the answers." We can and should be looking to others who are often closer to the problems and in a strong position to see what would make the greatest difference.
- With that I'll conclude, wish you a very productive meeting, and open the floor to any questions.